

## **RAILROAD RETIREMENT BOARD**

### **Limitation on Administration** **Budget Account - 60-8237-0-7-601**

This appropriation request is for funds to administer the retirement/survivor and unemployment/sickness insurance benefit programs provided for railroad workers and members of their families under the Railroad Retirement Act and the Railroad Unemployment Insurance Act. Included in this request is an amount for certain activities related to the Medicare health insurance program. The Centers for Medicare and Medicaid Services (CMS) reimburse the RRB for certain other administrative expenses related to the Medicare program.

### **Retirement/Survivor Benefit Program**

Under the Railroad Retirement Act, the RRB pays retirement and disability annuities to retired workers with qualifying years of railroad service. Annuities are also payable to spouses and divorced spouses of retired workers and to widows, widowers, children, and certain other survivors of deceased railroad workers. Qualified railroad retirement beneficiaries are covered by the Medicare health insurance program.

The RRB estimates that it will pay the following in retirement and survivor benefits through fiscal year 2006: \$9.0 billion to 649,000 persons in fiscal year 2004, \$9.2 billion to 635,000 persons in fiscal year 2005, and \$9.4 billion to 621,000 persons in fiscal year 2006.

### **Legislative history**

The RRB was created in the 1930's by legislation establishing a retirement benefit program for the nation's railroad workers. Private industrial pension plans had been pioneered in the railroad industry and, by the 1930's, pension plans were far more developed in the rail industry than in most other businesses or industries. These plans, however, had serious defects which were magnified by the Great Depression. While the social security system was in the planning stage, railroad workers sought a separate railroad retirement system which would continue and broaden the existing railroad programs under a uniform national plan. The proposed social security system was not scheduled to begin monthly benefit payments for several years and would not give credit for service performed before 1937, while conditions in the railroad industry called for immediate benefit payments based on prior service.

Legislation was enacted in 1934, 1935, and 1937 to establish a railroad retirement system separate from the social security program legislated in 1935. Such legislation, taking into account the particular circumstances of the railroad industry, was not without precedent. Numerous laws pertaining to railroad operations and safety had already been enacted since the Interstate Commerce Act of 1887. Since passage of the Railroad Retirement Acts of the 1930's, numerous other railroad laws have subsequently been enacted.

## **Railroad Retirement and Survivors' Improvement Act of 2001**

The Railroad Retirement and Survivors' Improvement Act of 2001, Public Law 107-90, liberalized early retirement benefits for 30-year employees, eliminated a cap on monthly retirement and disability benefits, lowered the minimum service requirement from 10 years to 5 years of service if performed after 1995, and provided increased benefits for some widow(er)s. The financing sections of the legislation repealed the supplemental annuity work-hour tax, and provided for adjustments in the payroll tax rates paid by employers and employees. These sections also provide for investment of railroad retirement funds in non-governmental assets.

Public Law 107-90 provides for the transfer of railroad retirement funds from the Railroad Retirement Accounts to the National Railroad Retirement Investment Trust (NRRIT), whose Board of seven trustees is empowered to invest NRRIT assets in non-governmental assets, such as equities and debt, as well as in governmental securities. The legislation also allows for railroad retirement benefit payments in the future to be issued by a qualified non-governmental financial institution, rather than the Department of the Treasury. The selection of the financial institution would be made by the RRB, after consulting with the Board of Trustees and the Secretary of the Treasury. Initial market surveys have indicated, however, that this transfer would increase costs and diminish the level of service provided to beneficiaries. The Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2005, as reported by the House Appropriations Committee in July 2004, includes a provision prohibiting the RRB from using funds appropriated under the Act to contract with a non-governmental financial institution to serve as disbursing agent for benefits payable under the Railroad Retirement Act of 1974. The RRB's proposed legislative program also includes a proposal to amend the Railroad Retirement Act to provide for continued payment of railroad retirement annuities by the Department of the Treasury. (Additional information is provided in the section on the RRB's proposed legislative program, under item number 109-3.)

Public Law 107-90 also discontinued the separate Railroad Retirement Supplemental Account. While supplemental benefits provided by the Railroad Retirement Act continue to be due and payable, they are now funded through the Railroad Retirement Account.

## **Coordination with Social Security**

While the railroad retirement system has remained separate from the social security system, the two systems are closely coordinated with regard to earnings credits, benefit payments, and taxes. Following the recommendations of the Federal Commission on Railroad Retirement, legislation enacted in 1974 restructured railroad retirement benefits into tiers, in order to coordinate them more fully with social security credits, using social security benefit formulas. Tier I benefits are generally the equivalent of social security benefits. Tier II benefits are based on railroad service only and are comparable to industrial pensions.

Jurisdiction over the payment of retirement and survivor benefits is shared by the RRB and SSA. The RRB has jurisdiction over the payment of retirement benefits if the employee had at least 10 years of railroad service, or 5 years of service if performed after 1995. For survivor

benefits, there is an additional requirement that the employee's last regular employment before retirement or death was in the railroad industry. If a railroad employee or his/her survivors do not qualify for railroad retirement benefits, the RRB transfers the employee's railroad retirement credits to SSA, where they are treated as social security credits.

### **Sources of income for the retirement/survivor benefit program**

The primary source of income for the railroad retirement/survivor benefit program is payroll taxes paid by railroad employees and employers. By law, railroad retirement taxes are coordinated with social security taxes. Employees and employers pay tier I taxes at the same rate as social security taxes. In addition, both employees and employers pay tier II taxes which are used to finance railroad retirement benefit payments over and above social security levels. Historically, railroad retirement taxes have been considerably higher than social security taxes.

Another source of income is the financial interchange with the social security trust funds. Under the financial interchange, in effect, the portion of railroad retirement annuities that is equivalent to social security benefits is reinsured through the social security system. The purpose of this financial coordination is to place the social security trust funds in the same position they would be in if railroad service were covered by the social security program instead of the railroad retirement program.

Other current sources of income are interest on investments, and appropriations from general revenues provided after 1974 as part of a phase-out of certain vested dual benefits. The Railroad Retirement Account and Social Security Equivalent Benefit Account also receive credit for Federal income taxes paid on benefits from these accounts.

## **Unemployment/Sickness Insurance Program**

Under the Railroad Unemployment Insurance Act, the RRB pays (1) unemployment insurance benefits to railroad workers who are unemployed but ready, willing, and able to work and (2) sickness insurance benefits to railroad workers who are unable to work because of illness, injury, or pregnancy.

In the benefit year that ended June 30, 2004, the RRB paid \$41,315,000 in unemployment insurance benefits and recovered \$3,051,000, resulting in net payments of \$38,264,000 to a total of 11,667 unemployment insurance beneficiaries that year. During the same period, the RRB paid \$83,718,000 in sickness insurance benefits and recovered \$37,305,000, resulting in net payments of \$46,413,000 to a total of 21,608 sickness insurance beneficiaries in the benefit year.

### **Provisions for benefits**

A new unemployment and sickness insurance benefit year begins every July 1, with eligibility generally based on railroad service and earnings in the preceding calendar year. Up to 26 weeks of normal unemployment insurance benefits and 26 weeks of normal sickness insurance benefits are payable to an individual in a benefit year. Extended benefits may also be payable for up to 13 weeks to persons with 10 or more years of service.

### **Legislative history**

The railroad unemployment insurance system was established by legislation enacted in the 1930's. While State unemployment programs generally covered railroad workers, railroad operations which crossed State lines caused special problems. Unemployed railroad workers were denied compensation by one State because they became unemployed in another State or because their employers had paid unemployment taxes in another State. Although there were cases where employees appeared to be covered in more than one State, they often did not qualify in any.

The Federal study commission, which reported on the nationwide State plans for unemployment insurance, recommended that railroad workers be covered by a separate plan because of the complications their coverage had caused the State plans. The Congress subsequently enacted the Railroad Unemployment Insurance Act in 1938. Railroad unemployment insurance benefits became payable in July 1939. Sickness insurance benefits were added by amendments enacted in 1946. Subsequent amendments over the years revised eligibility requirements and adjusted benefit amounts and tax rates.

The railroad unemployment and sickness insurance system is financed by contributions from railroad employers. By law, a portion of the contributions is deposited in the Railroad Unemployment Insurance Administration Fund for the RRB's administrative expenses. The contributions are permanently appropriated for benefit payments and administrative expenses.

Large scale railroad layoffs during the economic recession in the early 1980's increased unemployment insurance payments to record levels, far exceeding unemployment contributions. By the end of July 1983, the account had a deficit of \$550 million. The Railroad Retirement Solvency Act, enacted August 12, 1983, increased railroad unemployment and sickness insurance taxes by increasing the limit on compensation subject to the tax from \$400 to \$600 a month. The act also imposed a temporary repayment tax on railroad employers to help repay loans from the Railroad Retirement Account. The temporary repayment tax was subsequently extended through June 1993, when the debt was fully repaid, with interest.

The Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272), enacted April 7, 1986, increased the repayment tax. It also restored the authority of the Railroad Unemployment Insurance Account to borrow from the Railroad Retirement Account; this authority had been removed by the Railroad Retirement Solvency Act. The law also provided for a surtax on railroad employers in the event that further borrowing after September 30, 1985, from the Railroad Retirement Account became necessary.

In November 1988, the Congress enacted the Railroad Unemployment Insurance and Retirement Improvement Act of 1988 (P.L. 100-647) to resolve the system's long-term financing problems. In brief, the legislation improved the program's financing by (1) indexing the tax base to increased wage levels, (2) determining employers' tax rates by using an experience rating formula, (3) establishing a variable surcharge geared to the balance in the unemployment insurance account, and (4) ensuring repayment of the debt to the Railroad Retirement Account by extending the repayment tax until the debt was fully repaid, with interest. The loan was repaid in full with a transfer of funds from the Railroad Unemployment Insurance Account to the Railroad Retirement Account on June 29, 1993.

The Railroad Unemployment Insurance Amendments Act of 1996 (P.L. 104-251), enacted October 9, 1996, increased the railroad unemployment and sickness insurance daily benefit rate and revised the formula for indexing future benefit rates. It also reduced the waiting period for initial benefit payments and eliminated duplicate waiting periods in continuing periods of unemployment and sickness. In addition, the legislation applied an earnings test to claims for unemployment and reduced the duration of extended benefit periods for long-service employees. The provisions of the legislation were based on joint recommendations to the Congress negotiated by rail labor and management in order to update the railroad unemployment insurance system along the lines of State unemployment insurance systems.

## RAILROAD RETIREMENT BOARD

### Administrative Appropriation Request for Fiscal Year 2006

<u>Account</u>	<u>FTE's</u> <u>1/</u>	<u>Amount</u> <u>1/</u> (\$ thousands)
Limitation on Administration (60-8237-0-7-601)		
OMB guidance level <u>2/</u>	922	\$100,000
Agency request level <u>3/</u>	<u>124</u>	<u>19,288</u>
Total	<u>1,046</u>	<u>\$119,288</u>

1/ Full-time equivalent staff years (FTE's) at the OMB guidance level of the budget include FTE's reimbursed by the Centers for Medicare and Medicaid Services (CMS). Dollar amounts do not include CMS reimbursement.

2/ Funding is consistent with the projection for fiscal year 2006 in the President's proposed budget for fiscal year 2005. FTE's represent the staff level which could be funded at this amount.

3/ This level of the budget represents the additional amount which would be needed for an additional 124 FTE's, services of a non-governmental disbursement agent, full funding of information technology investments, the second year of the RRB's Enterprise Architecture Capital Asset Plan, restoration of the transit benefit subsidy program, restoration of some reductions made in non-payroll categories at the guidance level of the budget, and additional funding for a workplace improvement plan.

RAILROAD RETIREMENT BOARD  
LIMITATION ON ADMINISTRATION  
BUDGET BY APPROPRIATION AND OBJECT CLASS  
(in thousands of dollars)

	FISCAL YEAR 2004	AMOUNT OF CHANGE	FISCAL YEAR 2005 ADMIN. PROPOSED	AMOUNT OF CHANGE	FISCAL YEAR 2006 GUIDANCE LEVEL	AMOUNT OF CHANGE	FISCAL YEAR 2006 AGENCY REQUEST
TOTAL FTEs (INCLUDING REIMBURSABLE)	1,046	(77)	969	(47)	922	124	1,046
TOTAL RRB DIRECT PROGRAM OBLIGATIONS							
11.1 FULL-TIME PERMANENT	65,291	(2,868)	62,423	(687)	61,736	8,291	70,027
11.3 OTHER THAN FULL-TIME PERMANENT	1,049	225	1,274	(583)	691	0	691
11.5 OTHER PERSONNEL COMPENSATION	988	(113)	875	(10)	865	299	1,164
11.9 TOTAL PERSONNEL COMPENSATION	67,328	(2,756)	64,572	(1,280)	63,292	8,590	71,882
12.0 PERSONNEL BENEFITS: CIVILIAN	14,338	(254)	14,084	104	14,188	2,527	16,715
13.0 BENEFITS FOR FORMER PERSONNEL	189	584	773	222	995	(745)	250
21.0 TRAVEL AND TRANSPORTATION	580	20	600	6	606	47	653
22.0 TRANSPORTATION OF THINGS	121	18	139	(14)	125	0	125
23.1 RENTAL PAYMENTS TO GSA	3,900	(380)	3,520	294	3,814	0	3,814
23.3 COMMUNICATIONS, UTILITIES, & MISCELLANEOUS CHARGES	4,295	335	4,630	(246)	4,384	0	4,384
24.0 PRINTING AND REPRODUCTION	257	11	268	7	275	0	275
25.0 OTHER SERVICES	8,575	3,870	12,445	(1,757)	10,688	6,634	17,322
26.0 SUPPLIES AND MATERIALS	614	86	700	(7)	693	10	703
31.0 EQUIPMENT	505	364	869	71	940	2,225	3,165
TOTAL RRB DIRECT OBLIGATIONS	100,702	1,898	102,600	(2,600)	100,000	19,288	119,288
REIMBURSABLE OBLIGATIONS	5,921	(251)	5,670	0	5,670	0	5,670
TOTAL RRB OBLIGATIONS	106,623	1,647	108,270	(2,600)	105,670	19,288	124,958
LIMITATION ON ADMINISTRATION	100,702	1,898	102,600	(2,600)	100,000	19,288	119,288

NOTES:

Salary and benefit estimates for fiscal years 2005 and 2006 reflect guidance provided by the Office of Management and Budget for cost-of-living/locality pay increases of 1.5 percent each in January 2005 and January 2006.

At the guidance level of the fiscal year 2006 budget, benefits for former personnel include reduction-in-force costs of \$744,600 for 60 employees.

The agency request level for fiscal year 2006 includes \$2.1 million for the services of a non-governmental disbursement agent and \$5,100,300 for the Enterprise Architecture Capital Asset Plan.

**Explanation of Changes Between the Estimated Budget for Fiscal Year 2005,  
the OMB Guidance Level for Fiscal Year 2006, and  
the Agency Request Level for Fiscal Year 2006**

<u>Category</u>	<u>Direct Obligations</u>	<u>Change from FY 05 to FY 06 guidance level (\$000)</u>
1. <u>Personnel compensation</u>	<p>The OMB guidance level for the fiscal year 2006 budget would provide funding for an estimated 922 FTE's. This estimate reflects cost-of-living and locality pay increases of 1.5 percent in January 2005 and 1.5 percent in January 2006. Approximately 1 percent of salary and benefits has also been included for performance awards, and \$50,000 has been included for overtime. This level does not include funding for special service act awards.</p> <p>At the agency request level of the budget, approximately \$8,590,000 would be restored to this category to enable the RRB to maintain staffing at the agency's full performance level of 1,046 FTE's. At this level, \$50,000 would be provided for special service act awards and funding for overtime would be increased from \$50,000 to \$196,720.</p>	(1,280)
2. <u>Civilian personnel benefits</u>	<p>Employee benefits are estimated to total 22.6 percent of salary costs in fiscal year 2006. At the guidance level of the budget, employee benefit costs would total about \$14,148,000 for 922 FTE's, and \$40,000 would be provided for change-of-station costs. This level does not include funding for the transit benefit subsidy program.</p> <p>At the agency request level, \$2,527,000 would be added to this category. This includes \$1,877,000 for an additional 124 FTE's, and \$650,000 to resume the transit benefit subsidy program.</p>	104
3. <u>Benefits for former personnel</u>	<p>The guidance level of the budget includes \$744,600 for a reduction-in-force (RIF) of approximately 60 FTE's. At the agency request level, these costs would be eliminated because the agency would not conduct a RIF. Both levels of the fiscal year 2006 budget include \$250,000 for workers' compensation and unemployment insurance.</p>	222



**Explanation of Changes Between the Estimated Budget for Fiscal Year 2005,  
the OMB Guidance Level for Fiscal Year 2006, and  
the Agency Request Level for Fiscal Year 2006**

<u>Category</u>	<u>Limitation on Administration</u> <u>Direct Obligations</u>	<u>Change from FY 05 to FY 06 guidance level (\$000)</u>
4. <u>Travel and transportation of persons</u>		6
A total of \$606,000 is requested for travel at the guidance level of the fiscal year 2006 budget. The total represents an increase of about 1 percent over the amount planned for fiscal year 2005. At the agency request level, an additional \$47,000 would be provided, primarily for additional travel related to program operations and training.		
5. <u>Transportation of things</u>		(14)
This category reflects a decrease in funding for projected shipping costs.		
6. <u>Rental payments to the General Services Administration (GSA)</u>		294
The requested amount for fiscal year 2006 reflects charges on an actual cost basis that the RRB will continue to pay for rent, consistent with the RRB's memorandum of understanding with the General Services Administration. In addition, this projection assumes that a tenant will continue to rent space on the 12 <sup>th</sup> floor of the headquarters building.		
7. <u>Communications, utilities, and miscellaneous charges</u>		(246)
This category reflects decreased agency spending for postage, utilities, rent of equipment, including the mainframe computer and operating software, and communications, including network and Internet services.		
8. <u>Printing and reproduction</u>		7
The increase in this category reflects rising costs for contracted printing and for official publication of agency information in the Commerce Business Daily, Federal Register and Code of Federal Regulations.		

**Explanation of Changes Between the Estimated Budget for Fiscal Year 2005,  
the OMB Guidance Level for Fiscal Year 2006, and  
the Agency Request Level for Fiscal Year 2006**

<u>Category</u>	<u>Direct Obligations</u>	<u>Change from FY 05 to FY 06 guidance level (\$000)</u>
9. <u>Other services</u>	<p>The decrease in this category at the guidance level of the budget primarily reflects funding for a non-governmental disbursement agent under the Railroad Retirement and Survivors' Improvement Act of 2001. The fiscal year 2005 budget includes \$2.1 million for this purpose, but comparable funding is included in the fiscal year 2006 budget only at the agency request level. This reduction is partly offset by minor increases in costs for repairs and maintenance, training and other contracts.</p> <p>The agency request level of the budget also includes \$3,297,000 for the Enterprise Architecture Capital Asset Plan, \$700,000 for information technology investments, \$300,000 for the workspace improvement plan, and \$237,000 for other costs deferred at the guidance level of the budget.</p>	(1,757)
10. <u>Supplies and materials</u>	<p>At the guidance level of the fiscal year 2006 budget, a total of \$693,000 is requested in this category, reflecting a reduction of \$7,000 from the amount budgeted for supplies in fiscal year 2005. At the agency request level, an additional \$10,000 would be restored to this category, resulting in a total of \$703,000.</p>	(7)
11. <u>Equipment</u>	<p>Equipment funding in fiscal year 2006 would be used primarily for information technology investments. At the guidance level, these include: the standard workstation infrastructure, local area network/server operations, and system development tools. At the agency request level, \$2,225,000 would be added to this category. This includes \$1,804,000 for the Enterprise Architecture Capital Asset Plan; \$371,000 for additional information technology investments, security and other needs; and \$50,000 for the workplace improvement plan.</p>	71
<b>Total increase</b>		<b><u>(2,600)</u></b>

## RAILROAD RETIREMENT BOARD

### Summary of Full-Time Equivalent Employment by Series a/

Series	Rank	FY 2004	FY 2005 President's Proposed	FY 2006 RRB Request
Executive	Level III	1	1	1
	Level IV	2	2	2
	Subtotal	3	3	3
Senior Executive Service	ES-00	7	8	8
General Schedule/Management	GS/GM-15	32	28	31
	GS/GM-14	52	49	52
	GS/GM-13	96	90	95
	GS-12	270	260	267
	GS-11	119	108	119
	GS-10	122	112	122
	GS-9	196	185	195
	GS-8	44	40	44
	GS-7	38	25	38
	GS-6	23	23	25
	GS-5	25	22	28
	GS-4	14	11	14
	GS-3	3	3	3
	GS-2	0	0	0
	Subtotal	1034	956	1033
Wage Board	All Levels	2	2	2
Combined	Total	1046	969	1046

a/ Positions in the Office of Inspector General are not included. Amounts for each year include staffing reimbursed by the Centers for Medicare and Medicaid Services.

## RAILROAD RETIREMENT BOARD

### Full-Time Equivalent Employees by Organization a/

Organization	FY 2004 <u>b/</u>	FY 2005 President's Proposed Budget <u>c/</u>	FY 2006 RRB Request <u>d/</u>
Chairman	4.00	--	--
Labor	7.28	--	--
Management	5.00	--	--
<b>Subtotal, Board</b>	<b>16.28</b>	--	--
General Counsel/Law	16.31	--	--
Hearings and Appeals	14.81	--	--
Legislative Affairs	4.00	--	--
Secretary to the Board	2.00	--	--
<b>Subtotal, General Counsel</b>	<b>37.12</b>	--	--
Office of Programs	669.91	--	--
CFO/Fiscal Operations	72.75	--	--
Actuary	18.19	--	--
Office of Administration	68.04	--	--
Information Services	167.15	--	--
Expected attrition	(3.44)	--	--
<b>Total</b>	<b>1,046.00</b>	<b>969.00</b>	<b>1,046.00</b>

a/ Includes FTE's funded by the RRB's regular administrative account and CMS, but excludes those FTE's funded by the Limitation on the Office of Inspector General.

b/ Amounts reflect projected use as of June 13, 2004.

c/ Reflects projected total staffing at the President's proposed level of \$102.6 million.

d/ Reflects projected total staffing at the agency request level of the budget. At the OMB guidance level of \$100 million, only 922 FTE's would be funded.

## **RAILROAD RETIREMENT BOARD**

### **Narrative Description of Strategic Goals**

The RRB's budget request for ongoing operations is distributed between two areas that match the goals stated in the agency's Strategic Plan for Fiscal Years 2003-2008:

Strategic Goal I. Provide excellent customer service.

Strategic Goal II. Serve as responsible stewards for our customers' trust funds and agency resources.

Amounts in each category represent the resources needed to achieve the performance goals stated in the RRB's Performance Budget for Fiscal Year 2006. Activities in each area are described in the following sections. Additional information concerning performance indicators for each goal is provided in the Performance Budget.

#### **I. Provide Excellent Customer Service.**

This category includes all costs and FTE's related to achieving the RRB's strategic goal of providing excellent customer service. Annual performance goals and supporting initiatives in the RRB's Performance Budget for Fiscal Year 2006 include the following:

- I-A. Pay benefits accurately and timely.
  - Monitor payment and case accuracy and identify problems.
  - Provide feedback and take additional preventive actions as appropriate.
  - Ensure accurate, up-to-date, accessible instructions to support our front-line employees as they provide customer support.
  - Inform our customers about their responsibilities.
  - Ensure that the Customer Service Plan is comprehensive and is revised when appropriate.
  - Monitor key payment workloads.
- I-B. Provide relevant, timely, and accurate information which is easy to understand.
  - Listen to our customers to determine their expectations and whether those expectations are being met.
  - Adjust our Customer Service Plan or our processes, based on customer feedback.
  - Monitor key informational workloads.
  - Focus on interactive electronic solutions that provide immediate responses and intermediate status updates.

- I-C. Provide a range of choices in service delivery methods.
- Provide our customers with information as well as the ability to apply for benefits over the Internet.
  - Provide additional services through the interactive voice recognition telephone system.
  - Seek customers' service delivery preferences.
- I-D. Ensure efficient and effective business interactions with covered railroad employers.
- Continue to develop a system whereby the employer can conduct daily business transactions and file required reports over a secure website.
  - Continue to look for ways to encourage employers to file accurate and timely annual service and compensation reports.
  - Monitor the number and types of protests by employees disputing the accuracy of their service and compensation records.

II. Serve as Responsible Stewards for Our Customers' Trust Funds and Agency Resources.

This category includes all costs and FTE's related to achieving the RRB's strategic goal of safeguarding our customers' trust funds through prudent stewardship. Annual performance goals and supporting initiatives in the RRB's Performance Budget include the following:

- II-A. Ensure that trust fund assets are projected, collected, recorded and reported appropriately.
- Continue to issue annual audited financial statements.
  - Continue to perform the RRB's actuarial valuations and financial projections.
  - Continue to estimate the RRB's funding requirements for the Dual Benefits Payments Account.
  - Continue to carry out the RRB's debt collection policy.
  - Continue to accurately and timely determine the experience-based contribution rates required under the unemployment and sickness insurance program.
  - Verify that payroll taxes are fully collected and properly recorded.
- II-B. Ensure the integrity of benefit programs.
- Maintain established matching programs.
  - Explore opportunities for additional matching programs where cost-effective.
  - Continue our program integrity reviews.

- II-C. Ensure effectiveness, efficiency, and security of operations.
- Continue to develop an effective succession planning program.
  - Ensure the privacy and security of our customers' transactions with the RRB.
  - Improve our ability to control and monitor information technology investments.
  - Continue to seek ways to increase competitive sourcing opportunities.
  - Make greater use of performance-based contracts.
  - Expand our participation in E-Government initiatives.
  - Request additional funding for information technology initiatives under the RRB's Enterprise Architecture Capital Asset Plan.
- II-D. Effectively carry out the responsibilities of the Railroad Retirement Board under the Railroad Retirement and Survivors' Improvement Act of 2001 with respect to the activities of the National Railroad Retirement Investment Trust.

## **RAILROAD RETIREMENT BOARD**

### **Appropriation Request by Strategic Goal**

The administration of the railroad retirement/survivor and unemployment/sickness insurance benefit programs is discussed in the RRB Performance Budget. The tables on the following pages identify the estimated costs of administering these programs in terms of the following strategic goals:

- I. Customer service
- II. Stewardship

These goals are consistent with the RRB's Strategic Plan for Fiscal Years 2003 through 2008, which was released in September 2003.

The OMB guidance level provides \$100 million in fiscal year 2006, which would fund 922 FTE's to administer the benefit programs, including an estimated 50 FTE's to be reimbursed by the Centers for Medicare and Medicaid Services (CMS). Also at this level, \$1,913,000 is included for essential information technology costs.

The agency request level for fiscal year 2006 totals \$119,288,450 and would be sufficient to fund a total of 1,046 FTE's. This level includes \$2,888,000 for information technology investments, and \$5,100,300 for the second year of the Enterprise Architecture Capital Asset Plan.

NOTES: FTE information shown on the following pages includes an estimated 50 FTE's funded by reimbursements from CMS. However, for presentation purposes, the dollar amounts exclude CMS reimbursements.

The agency request level of the fiscal year 2006 budget includes a net increase of \$2.1 million for the services of a non-governmental disbursement agent, in accordance with provisions of the Railroad Retirement and Survivors' Improvement Act of 2001. At the guidance level of funding, it would be necessary to continue using the Department of the Treasury for disbursement services in fiscal year 2006.



# RAILROAD RETIREMENT BOARD

A-11-30

## Summary of Strategic Goal Amounts Budget Account - Limitation on Administration (60-8237-0-7-601)

### Analysis of Resources (in thousands of dollars)

	<u>2004</u>	<u>2005</u>	<u>2006</u>		
			<u>Guidance Level</u>	<u>Agency Request</u>	<u>Difference</u>
Budget authority.....	100,702	102,600	100,000	119,288	19,288
Outlays.....	100,702	102,600	100,000	119,288	19,288
Full-time equivalent employment.....	1,046	969	922	1,046	124

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Budget authority:						
Guidance level.....	100,000	100,000	100,000	100,000	100,000	100,000
Agency request.....	119,288	*	*	*	*	*
Difference.....	19,288	*	*	*	*	*
Outlays:						
Guidance level.....	100,000	100,000	100,000	100,000	100,000	100,000
Agency request.....	119,288	*	*	*	*	*
Difference.....	19,288	*	*	*	*	*

\* Amounts for these years are to be determined.

**RAILROAD RETIREMENT BOARD**

**A-11-30**

**Strategic Goal - Customer Service  
Budget Account - Limitation on Administration (60-8237-0-7-601)**

**Analysis of Resources  
(in thousands of dollars)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>		
			<u>Guidance Level</u>	<u>Agency Request</u>	<u>Difference</u>
Budget authority.....	N/A	78,282	76,787	88,390	11,603
Outlays.....	N/A	78,282	76,787	88,390	11,603
Full-time equivalent employment.....	N/A	749	717	813	96

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Budget authority:						
Guidance level.....	76,787	77,400	77,400	77,400	77,400	77,400
Agency request.....	88,390	*	*	*	*	*
Difference.....	11,603	*	*	*	*	*
Outlays:						
Guidance level.....	76,787	77,400	77,400	77,400	77,400	77,400
Agency request.....	88,390	*	*	*	*	*
Difference.....	11,603	*	*	*	*	*

Note: Comparable information is not available for fiscal year 2004, due to a restructuring of the goals in the RRB's Strategic Plan for Fiscal Years 2003 through 2008.

\* Amounts for these years are to be determined.

# RETIREMENT BOARD

A-11-30

## Strategic Goal - Stewardship Budget Account - Limitation on Administration (60-8237-0-7-601)

### Analysis of Resources (in thousands of dollars)

	<u>2004</u>	<u>2005</u>	<u>2006</u>		
			<u>Guidance Level</u>	<u>Agency Request</u>	<u>Difference</u>
Budget authority.....	N/A	24,318	23,213	30,898	7,685
Outlays.....	N/A	24,318	23,213	30,898	7,685
Full-time equivalent employment.....	N/A	220	205	233	28

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Budget authority:						
Guidance level.....	23,213	22,600	22,600	22,600	22,600	22,600
Agency request.....	30,898	*	*	*	*	*
Difference.....	7,685	*	*	*	*	*
Outlays:						
Guidance level.....	23,213	22,600	22,600	22,600	22,600	22,600
Agency request.....	30,898	*	*	*	*	*
Difference.....	7,685	*	*	*	*	*

Note: Comparable information is not available for fiscal year 2004, due to a restructuring of the goals in the RRB's Strategic Plan for Fiscal Years 2003 through 2008.

\* Amounts for these years are to be determined.